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SERVICE DATE – NOVEMBER 9, 2017

SURFACE TRANSPORTATION BOARD

DECISION

Docket No. MCF 21078

NATIONAL EXPRESS LLC—ACQUISITION OF CONTROL—QUEEN CITY
TRANSPORTATION, LLC

AGENCY: Surface Transportation Board.

ACTION: Notice Tentatively Approving and Authorizing Finance Transaction.

SUMMARY: On October 13, 2017, National Express LLC (National Express or Applicant), a noncarrier, filed an application under 49 U.S.C. §14303 to acquire control of Queen City Transportation, LLC (Queen City). The Board is tentatively approving and authorizing the transaction, and, if no opposing comments are timely filed, this notice will be the final Board action. Persons wishing to oppose the application must follow the rules at 49 C.F.R. §§ 1182.5 & 1182.8.

DATES: Comments must be filed by December 26, 2017. Applicant may file a reply by January 8, 2018. If no opposing comments are filed by December 26, 2017, this notice shall be effective on December 27, 2017.

ADDRESSES: Send an original and 10 copies of any comments referring to Docket No. MCF 21078 to: Surface Transportation Board, 395 E Street, S.W., Washington, DC 20423-0001. In addition, send one copy of comments to Applicant's representative: Andrew K. Light, Scopelitis, Garvin, Light, Hanson & Feary, P.C., 10 W. Market Street, Suite 1400, Indianapolis, IN 46204.

FOR FURTHER INFORMATION CONTACT: Nathaniel Bawcombe (202) 245-0376. Federal Information Relay Service (FIRS) for the hearing impaired: 1-800-877-8339.

SUPPLEMENTARY INFORMATION: Applicant, a noncarrier, states that it is a holding company organized under the laws of the state of Delaware that is indirectly controlled by a British corporation, National Express Group, PLC (Express Group). Applicant states that Express Group indirectly controls the following passenger motor carriers (collectively, National Express Affiliated Carriers): Beck Bus Transportation Corp. (Beck); Carrier Management Corporation, d/b/a Matthews Bus Company (CMI); Diamond Transportation Services, Inc. (Diamond); Durham School Services, L.P. (Durham); MV Student Transportation, Inc. (MV); National Express Transit Corporation (NETC); National Express Transit Services Corporation (NETSC); National Express Transit – Yuma (NETY); Petermann Ltd. (Petermann); Petermann Northeast LLC (Northeast); Petermann Northwest LLC (Northwest); Petermann Southwest LLC

(Southwest); Petermann STSA, LLC (STSA); The Provider Enterprises, Inc. (Provider); Rainbow Management Service Inc. (Rainbow); Robertson Transit, Inc. (Robertson); Safeway Training and Transportation Services Inc. (Safeway); Septran, Inc. (Septran); Smith Bus Service, Inc. (Smith); Suburban Paratransit Service, Inc. (Suburban Paratransit); Trans Express, Inc. (Trans Express); Trinity, Inc. (Trinity); Trinity Cars, Inc. (Trinity Cars); Trinity Coach LLC (Trinity Coach); Trinity Student Delivery LLC (Trinity Student); and White Plains Bus Company, Inc., d/b/a Suburban Charters (White Plains).

Applicant asserts the following facts regarding the National Express Affiliated Carriers held by Express Group:

- Beck is a passenger motor carrier primarily engaged in providing student school bus transportation services in the state of Illinois under contracts with regional and local school jurisdictions. Beck also provides charter passenger services to the public. It holds interstate carrier authority from Federal Motor Carrier Safety Administration (FMCSA) under MC-143528.
- CMI is a passenger motor carrier doing business as Matthews Bus Company and is primarily engaged in providing student school bus transportation services in the state of Pennsylvania under contracts with regional and local school jurisdictions. CMI also provides intrastate charter passenger services to the public. CMI does not have interstate carrier authority as it is not required for the operations conducted by CMI.
- Diamond is a passenger motor carrier providing exempt interstate and regulated intrastate paratransit and shuttle services in the District of Columbia metropolitan area. It does not have interstate carrier authority.
- Durham is a passenger motor carrier primarily engaged in providing student school bus transportation services in several states under contracts with regional and local school jurisdictions. Durham also provides charter passenger services to the public. It holds interstate carrier authority under MC-163066.
- MV is a passenger motor carrier primarily engaged in providing student school bus transportation services in the state of Illinois under contracts with regional and local school jurisdictions. MV also provides charter passenger services to the public. It holds interstate carrier authority under MC-148934.
- NETC is an intrastate passenger motor carrier with its principal place of business in Cincinnati, Ohio. NETC does not have interstate carrier authority.
- NETSC is a passenger motor carrier engaged primarily in providing intrastate transit services in the areas of Westmoreland, Pa.; Arlington, Va.; Greensboro, N.C.; Jackson, Miss.; Orlando, Fla.; and Vallejo, Cal. NETSC does not have interstate carrier authority as it is not required for the operations conducted by NETSC.
- NETY is a passenger motor carrier primarily engaged in providing interstate paratransit services in the area of Yuma, Ariz. It holds interstate carrier authority under FMCSA Docket No. 960629.

- Petermann is a passenger motor carrier primarily engaged in providing non-regulated school bus transportation services in the state of Ohio under contracts with regional and local school jurisdictions. Petermann also provides charter passenger services to the public. It holds interstate carrier authority under MC-364668.
- Northeast is a passenger motor carrier primarily engaged in providing student school bus transportation services, primarily in the states of Ohio and Pennsylvania under contracts with regional and local school jurisdictions. Northeast also provides charter passenger services to the public. It holds interstate carrier authority under MC-723926.
- Northwest is a passenger motor carrier primarily engaged in providing non-regulated school bus transportation services under contracts with regional and local school jurisdictions. Northwest does not have interstate carrier authority as it is not required for the operations conducted by Northwest.
- Southwest is a passenger motor carrier primarily engaged in providing student school bus transportation services in the state of Texas under contracts with regional and local school jurisdictions. Southwest also provides charter passenger services to the public. It holds interstate carrier authority under MC-644996.
- STSA is a passenger motor carrier primarily engaged in providing student school bus transportation services, primarily in the state of Kansas under contracts with regional and local school jurisdictions. STSA also provides charter passenger services to the public. It holds interstate carrier authority under MC-749360.
- Provider is a passenger motor carrier doing business as Provider Bus, and is primarily engaged in providing non-regulated school bus transportation services in the state of New Hampshire under contracts with regional and local school jurisdictions. Provider does not have interstate carrier authority as it is not required for the operations conducted by Provider.
- Rainbow provides interstate and intrastate charter and special party passenger transportation services in the state of New York. It holds interstate carrier authority under MC-490015.
- Robertson is a passenger motor carrier primarily engaged in providing non-regulated school bus transportation services in the state of New Hampshire under contracts with regional and local school jurisdictions. Robertson also provides charter passenger service to the public. It does not have active interstate carrier authority, though MC-176053 is assigned to it.
- Safeway is a passenger motor carrier primarily engaged in providing non-regulated school bus transportation services in the state of New Hampshire under contracts with regional and local school jurisdictions. It does not have active interstate carrier authority, though MC-522039 is assigned to it.
- Septran is a passenger motor carrier primarily engaged in providing non-regulated school bus transportation services in the state of Illinois under contracts with regional and local school jurisdictions. It does not have active interstate carrier authority, though MC-795208 is assigned to it.

- Smith is a passenger motor carrier primarily engaged in providing non-regulated school bus transportation services in the state of Maryland and surrounding areas under contracts with regional and local school jurisdictions. Smith does not have interstate carrier authority as it is not required for the operations conducted by Smith.
- Suburban Paratransit is a motor carrier providing paratransit services primarily in Westchester County and Bronx, N.Y. Suburban Paratransit does not have interstate carrier authority as it is not required for the operations conducted by Suburban Paratransit.
- Trans Express provides interstate and intrastate passenger transportation services in the state of New York. It holds interstate carrier authority under MC-187819.
- Trinity is passenger motor carrier engaged in providing non-regulated school bus transportation services in southeastern Michigan, and also operates charter service to the public. Trinity holds interstate carrier authority under MC-364003.
- Trinity Cars is an intrastate passenger motor carrier providing for-hire sedan and van service in southeastern Michigan. It does not have active interstate carrier authority, though MC-632139 is assigned to it.
- Trinity Coach is a passenger motor carrier providing intrastate private and charter motor coach services in the state of Michigan. It does not have active interstate carrier authority, though MC-537169 is assigned to it.
- Trinity Student is a passenger motor carrier primarily engaged in providing non-regulated school bus transportation services in the areas of Toledo and Cleveland, Ohio. Trinity Student also provides charter passenger services. It holds interstate carrier authority under MC-836335.
- White Plains is a passenger motor carrier doing business as Suburban Charters, and it operates primarily as a provider of non-regulated school bus transportation services in the state of New York. White Plains also operates as a motor passenger carrier providing charter service to the public. It holds interstate carrier authority under MC-160624.

Applicant asserts the following facts about Queen City:

- Queen City is an Ohio limited liability company. It operates primarily as a provider of non-regulated school bus transportation services in the area of Cincinnati, Ohio. Queen City also provides interstate and intrastate charter services under the assumed names, Charter Bus Services and Klug Bus Services. For purposes of its interstate passenger operations, it holds interstate carrier authority under MC-163846.

Applicant states that all of the issued and outstanding membership interest of Queen City is owned and held by Haid Acquisitions LLC (Seller), an Ohio limited liability company, of which Aaron M. Haid, an individual, is the sole member. Applicant further states that neither the Seller nor Mr. Haid has any direct or indirect ownership interest in any other interstate passenger

motor carrier and that Queen City is not affiliated with any other passenger carriers that have interstate operating authority.

Applicant asserts that National Express would acquire all of the outstanding membership interest in Queen City, resulting in 100% control of Queen City through the membership acquisition. Applicant further states that, other than the National Express Affiliated Carriers and Queen City, there are no other affiliated carriers with regulated interstate operations that are involved in this application.

Under 49 U.S.C. § 14303(b), the Board must approve and authorize a transaction that it finds consistent with the public interest, taking into consideration at least: (1) the effect of the proposed transaction on the adequacy of transportation to the public; (2) the total fixed charges that result; and (3) the interest of affected carrier employees. Applicant submitted information, as required by 49 C.F.R. § 1182.2, including information to demonstrate that the proposed transaction is consistent with the public interest under 49 U.S.C. § 14303(b), see 49 C.F.R. § 1182.2(a)(7), and a statement that the aggregate gross operating revenues of the National Express Affiliated Carriers and Queen City exceeded \$2 million for the preceding 12-month period consistent with 49 U.S.C. § 14303(g), see 49 C.F.R. § 1182.2(a)(5).

Applicant submits that the proposed transaction would have no material impact on the adequacy of transportation services to the public, as Queen City would continue to provide the services it currently provides using the same names. Applicant states that Queen City “will continue to operate, but going forward, will be operating within the National Express corporate family, an organization already thoroughly experienced in passenger transportation operations.” (Appl. 14.)

According to Applicant, “[t]he addition of Queen City to the carriers held by National Express is consistent with the practices within the passenger motor carrier industry of strong, well-managed transportation organizations adapting their corporate structure to operate several different passenger carriers within the same market, but in different geographic areas.” (Id.) Applicant asserts that Queen City is experienced in some of the same market segments already served by some of the National Express Affiliated Carriers. Applicant expects the transaction to result in operating efficiencies and cost savings derived from economies of scale, all of which, Applicant states, would help to ensure the provision of adequate service to the public. (Id.) Applicant further asserts that bringing Queen City within the National Express corporate family would serve to enhance the viability of the overall organization and the operations of the National Express Affiliated Carriers, which would ensure the continued availability of adequate passenger transportation service for the public. (Id.)

Applicant also claims that neither competition nor the public interest would be adversely affected by the contemplated transaction. Applicant states that Queen City is “a relatively small carrier in the overall markets in which it competes: unregulated metropolitan school bus operations and regulated motor coach passenger charter services.” (Id. at 16.) Applicant states

that, with respect to Queen City's school bus operations, it competes directly with First Student, Inc., and other school bus service providers in the Cincinnati metropolitan area. It further explains that there are a number of motor coach passenger charter services in the Cincinnati metropolitan area, resulting in a very competitive market. (Id.) Applicant also explains that there is limited overlap in service areas and/or in customer bases among the National Express Affiliated Carriers and Queen City. (Id.) Thus, Applicant states that the impact of the contemplated transaction on the regulated motor carrier industry would be minimal at most and that neither competition nor the public interest would be adversely affected.

Applicant asserts that there are no significant fixed charges associated with the contemplated transaction. Applicant also states that it does not anticipate a measurable reduction in force or changes in compensation levels or benefits to employees. Applicant submits, however, that staffing redundancies could result in limited downsizing of back-office or managerial level personnel.

The Board finds that the acquisition proposed in the application is consistent with the public interest and should be tentatively approved and authorized. If any opposing comments are timely filed, these findings will be deemed vacated, and, unless a final decision can be made on the record as developed, a procedural schedule will be adopted to reconsider the application. See 49 C.F.R. § 1182.6(c). If no opposing comments are filed by the expiration of the comment period, this notice will take effect automatically and will be the final Board action.

This action is categorically excluded from environmental review under 49 C.F.R. § 1105.6(c).

Board decisions and notices are available on our website at "WWW.STB.GOV".

It is ordered:

1. The proposed transaction is approved and authorized, subject to the filing of opposing comments.
2. If opposing comments are timely filed, the findings made in this notice will be deemed vacated.
3. This notice will be effective December 27, 2017, unless opposing comments are filed by December 26, 2017.
4. A copy of this notice will be served on: (1) the U.S. Department of Transportation, Federal Motor Carrier Safety Administration, 1200 New Jersey Avenue, S.E., Washington, DC 20590; (2) the U.S. Department of Justice, Antitrust Division, 10th Street & Pennsylvania Avenue, N.W., Washington, DC 20530; and (3) the U.S. Department of Transportation, Office of the General Counsel, 1200 New Jersey Avenue, S.E., Washington, DC 20590.

Decided: November 3, 2017.

By the Board, Board Members Begeman and Miller.